



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

December 1, 1999

CERTIFIED RETURN RECEIPT
P 074 976 789

Ms. Paula Doughty
Kennecott Utah Copper Corporation
8315 West 3595 South
P.O. Box 6001
Magna, Utah 84044-6001

Re: Review of Second Tailings Pipeline Amendment and Reclamation Surety Estimate, Kennecott Utah Copper Corporation, UCD Modernization & 4th Line, M/035/011, Salt Lake County, Utah

Dear Ms. Doughty:

The Division has completed its review of the March 31, 1998 submission modifying the existing large mine notice under file M/035/011 to include the second tailings pipeline and a reclamation cost estimate for this pipeline. After reviewing this information we have determined this submission can be categorized as an "amendment" to the existing notice. An "amendment" does not require a 30-day public comment period.

Based on this submission, we understand that the areas impacted by the construction of the second tailings pipeline were reclaimed in 1996 and 1997. This reclamation included the reduction of some cut bank slopes and revegetation of the affected areas. Roads providing continued access to the pipeline corridor for maintenance were not reclaimed.

The unit costs for the identified tasks and the methodology used in the reclamation cost estimate for the second tailings pipeline are acceptable to the Division. The reclamation surety amount for the second pipeline amendment of \$2,071,992 cannot be accepted by the Division due to the concerns described below:

1. The facilities section of the attachment states the pipeline crosses two trestles. The reclamation cost estimate contains a quantity of three units under Task 30 Demo Trestles. Below this section in the estimate is a comment stating there are two trestles on the pipeline corridor. Please explain this conflicting information and revise the cost estimate if appropriate.
2. The estimate did not include costs for reclamation or removal of the approximate 10,000 feet of buried pipeline. Please explain why this section of 60 inch diameter pipeline does not require

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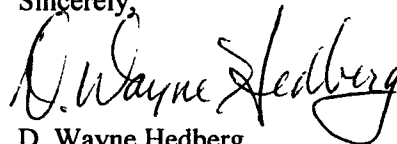
removal, reclamation or plugging and why it will not create a safety or environmental hazard. Please revise the reclamation estimate to include costs for appropriate reclamation of this area.

3. The estimate did not include costs for removal of the steel trestles with a combined length of approximately 900 feet. The estimate assumed the salvage value of these materials with the railway and market immediately available would cover the costs of demolition and removal of these trestles. While these trestles may have an appreciable salvage value at this time, it has been the Division's policy not to include the possible salvage value when calculating reclamation cost estimates. Please revise the cost estimate to include the costs for demolition and removal of these trestles. Please provide a copy of the appropriate drawing which provides the typical design details of these trestles. In the drawings previously received by the Division, drawing 410-C-0297 was referenced as showing details of the new pipe trestle, and may be the appropriate drawing.
4. In addition to making the revisions mentioned above, the reclamation cost estimate will need to be revised to include a 10% contingency and the new total escalated for five years at an annual rate of 3.27% per year. You may include these revisions in your response, or the Division can perform these adjustments.

After receiving KUCC's response to this review the Division will verify the revised estimate and then request that the amount of reclamation surety for the UCD Modernization - 4th Line be increased to include the amount of the revised estimate. The surety amount may be reduced in the future if and when this second pipeline is firmly identified as part of a post-mining water management program. The surety adjustment may be performed by means of a rider to one of the two surety bonds posted for file M/035/011. The affected reclamation contract form will also need to be revised to reflect the changes associated with this amendment. Please contact Joelle Burns at (801) 538-5291 to obtain the appropriate forms for changes in the surety.

Please provide a response to this letter within the next 60 days. If you have any questions regarding this letter please contact me at (801) 538-5286, or Tony Gallegos at (801) 538-5267. Thank you for your continued cooperation and patience.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

jb
cc: Mary Ann Wright, Associate Director
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